

SECTION 5

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AUDITS

For fiscal years ending on or after June 30, 1997, audits of sponsors will be performed as required by the Single Audit Act, Amendments of 1996. OMB Circular A-128 applies to public schools and OMB Circular A-133 applies to private nonprofit organizations. To comply with both circulars, the audit requirements are based on total federal assistance expended.

The total federal assistance expended is the sum of total dollars expended from any federal source. (Example: Child Nutrition, Title 1, and Special Education.)

- ◆ Public schools expending \$300,000 or greater in total federal assistance must contract with a certified public accountant for an annual or biennial audit. A biennial audit must cover both years,
- ◆ Public schools expending less than \$300,000 in federal assistance receive a procedural review by the Auditor General's office.
- ◆ Private schools and nonprofit institutions expending \$300,000 or greater in total federal assistance must contract with a certified public accountant for an audit to be performed annually or biennial. A biennial audit must cover both years.

In all instances cited above, a program specific audit may be performed in lieu of a single audit, if the sponsor expends awards under only one federal program and is not subject to laws, regulations or federal award agreements that require a financial statement audit. No federal audit requirement is imposed if federal expenditures from all sources is less than \$300,000. However, records must be available for review or audit (the state may still audit these monies) by appropriate officials of the federal agency, pass-through entity, and General Accounting Office.

PROGRAM REVIEWS

Coordinated Review Effort (CRE)

The Coordinated Review Effort (CRE) was developed to standardize the review process for all National School Lunch Programs. The CRE sets forth minimum Performance Standards to identify operational problems and standardized procedures for corrective action to achieve better program management in the National School Lunch Program.

Sponsors of the National School Lunch Program receive a review of their program once every five years at a minimum. This review is also known as CRE. Reviews are generally conducted by the CNP office but may be conducted by USDA staff. Notification is given to the sponsor prior to the review date.

The review consists of two major sections: the Critical Areas and the General Areas. Fiscal action may be taken for violations found under either of these areas.

The Critical Areas cover:

- ◆ Each child's eligibility for free or reduced-price meals
- ◆ The system used for counting and claiming meals
- ◆ The required meal items/components

The General Areas cover:

- ◆ The free and reduced-price process, including verification
- ◆ Menu planning
- ◆ Civil rights compliance
- ◆ Monitoring responsibilities
- ◆ Reporting and record keeping requirements
- ◆ School Breakfast Program
- ◆ Food Distribution Program
- ◆ Procurement
- ◆ After School Snack Program (if applicable)

See Exhibit A for a CRE Checklist.

Sponsors with significant violations in the Critical Areas of the review are eligible for a follow-up review prior to December 31 of the next school year. During a follow-up review, the School Breakfast Program and Snack Program may also be reviewed if the sponsor participated in either of these programs. **According to 7 CFR 210.18 l 1, the State agency shall withhold all Program payments to a school food authority if, on a follow-up review, the State agency finds a critical area violation which exceeded the review threshold on a previous review and continue to exceed the review threshold on a follow-up review.**

Findings affecting claims for reimbursement may be appealed by following the CNP Appeals Procedures (Exhibit B).

School Meal Initiative (SMI)

Sponsors will also receive a SMI (School Meals Initiative) visit along with their CRE. The purpose of the SMI evaluation is to work with the School Food Authority to determine the progress they are making toward meeting the federal guidelines for the Nutrition Goals for the National School Lunch Program and School Breakfast Program. School meals must provide, on average over a week, one-third of the Recommended Dietary Allowances (RDA) for lunch and one-fourth of the RDA for breakfast for specific nutrients. SMI assistance includes feedback on the review of computerized nutrient analysis of one week of menus, production records, recipes and food preparation, convenience foods, and meal service in relationship to meeting those goals. If the review indicates that the program is not meeting the SMI Nutrition Goals, an action plan will be developed with the State Agency's cooperation and assistance to address how changes can be made.

DENIAL OF MEALS AS DISCIPLINARY ACTION

USDA policy prohibits the denial of meals as a disciplinary action against any student who is enrolled in a school participating in the National School Lunch Program, School Breakfast Program or the Special Milk Program. Disciplinary action, which indirectly results in the loss of meals, is allowable (e.g., a student is suspended for the day from school). It is not allowable to discipline a student by withholding meals, nor may disciplinary action directly result in the loss of meals (e.g., a student is suspended from school only during the lunch period).

Denial of nutritional benefits as a disciplinary action is clearly contrary to the intent and purpose of the programs and the policy of Congress as expressed in the legislation.

When considering disciplinary action against any student, school officials should ensure that such action is consistent with the above policy. Any student attending school, who is not allowed to eat in the cafeteria for disciplinary reasons, shall have a reimbursable meal made available to them.

USE OF FOOD SERVICE FUNDS

The food service program must be “nonprofit”. Revenues received are to be used only for the operation or improvement of the food service program. *Allowable Cost Rules* can be found under OMB Circular A-87 “Cost Principles for State, Local, and Indian Tribal Governments” for public schools and public institutions, and OMB Circular A –122 “Cost Principles for Nonprofit Organizations” for private non-profit schools and residential child care institutions.

The following list represents guidance on expending school food service funds:

- ◆ Revenues cannot be used to purchase land or buildings or to construct buildings. USDA states, “It is the district’s responsibility to provide adequate facilities for their programs.” As a general guideline, using food service revenues to construct buildings is not allowed, including lunch shelters and/or cafeterias.
- ◆ Renovations. USDA classifies renovations as either construction or non-construction. Non-construction-type renovations, such as remodeling or changing flooring, are allowable. USDA considers construction-type renovations to be anything that changes the dimensions of a structure, for example, moving or changing a wall. Construction-type renovations are not allowable. In addition, school food service funds cannot be used for either the purchase or installation of air conditioning, or for portable evaporative or air conditioning units. Although the work environment is greatly enhanced by air conditioning, USDA’s interpretation is that air conditioning (or any other service system, such as telephone, gas, or electricity) is generally regarded as a district expense.
- ◆ Maintenance and repairs. The cost of upkeep of grounds, necessary maintenance, normal repairs, and alterations are allowable to the extent that expenditures keep property “in an efficient operating condition and do not add to the permanent value of property or appreciably prolong its intended life”. Costs incurred for ordinary and normal rearrangement and alteration of facilities (i.e., making room for a larger freezer or installing additional counter spaces) are allowable.

- ◆ Food service staff salary and benefits. This is an allowable expense. In addition, year-end staff bonuses are allowable to the extent that they are reasonable for the service rendered and conform to the established policy of the school district consistently applied to both Federal (e.g. preparation of reimbursable meals) and non-Federal (eg. preparation of catering function) activities.

School Food Service Funds may also be used for:

- ◆ Food service staff training
- ◆ Freight charges for USDA commodities
- ◆ Supplies and materials for consumption
- ◆ Supplies and materials for sale or rental
- ◆ Utilities and Communications
- ◆ Food Service Management Fees
- ◆ Furniture and Equipment
- ◆ Vehicles/Transportation Equipment

STUDENT, PARENT, TEACHER AND COMMUNITY INVOLVEMENT

Sponsors are to promote activities to involve students and parents in the NSLP. Such activities may include menu planning, enhancement of the eating environment, program promotion and related student-community support activities. Sponsors are encouraged to use the school food service program to teach students about good nutrition practices. School faculties and the general community should be involved in activities to improve the overall acceptability of the NSLP.

Sponsors who use a food service management company must establish an advisory board of parents, teachers and students to assist in menu planning.

USE OF FOOD SERVICE FACILITIES

Permission to use school food service facilities should be obtained from the school administration. The local administration should have a written policy governing the use of these facilities and defining the school lunch manager's responsibilities when the facility is used for non-program purposes. When catering, costs such as labor and utilities must be charged to non-program groups.

FEEDING SENIOR CITIZENS

School districts may serve meals to the elderly. Facilities, equipment and personnel acquired or employed by a sponsor with program funds provided under the National School Lunch or Child Nutrition Acts may be used at local discretion to support a nonprofit nutrition program for the elderly.

Reimbursement may be claimed only for meals or milk served in accordance with CNP regulations. In addition, CNP costs and revenues must be clearly distinguishable from other nutrition activities. Sponsors, feeding senior citizen groups, should enter into an agreement that:

1. Identifies each public agency that is a contracting party by correct statutory title and indicate whether it is a state, county or city, town or other public or municipal agency.

2. Places into the recitals or elsewhere in the agreement, the exact statutory references under which each contracting party is empowered or authorized to exercise the prerogatives contemplated.
3. States the duration of the agreement inclusive/exclusive of holidays.
4. A state purposes or purposes to be accomplished.
5. States the source of funds for financing the undertaking by indicating the amount to be charged to the individual and/or sponsoring agency.
6. Includes a provision requiring full reimbursement if it involves the expenditure by the school district of any of the following:
 - School lunch moneys.
 - Public school moneys.
 - Use of any school lunch commodities.
 - Use of public school personnel, equipment or facilities.
7. States the hours the senior citizens will be fed.
8. States the method or means of partial or complete termination of the agreement.

FOOD SALES TAX

According to the Arizona Revised Statutes (ARS):

There is no state sales tax on the sale of food, drink, condiment and accessory tangible personal property to a school district if such articles and accessory tangible personal property are to be prepared and served to persons for consumption on the premises of the public school during school hours. (ARS 42-1310.01 A.19.)

There is no state sales tax on the sale of food to a private or parochial school offering an educational program for grade twelve or under. (ARS 42-1382 C.1.)

There is no state sales tax on the sale of food to an organization which is tax exempt under 501(c)(3) of the Internal Revenue Code. (ARS 42-1382 C.4.)

An incorporated city or town may impose a tax on sales of food except for food or other items purchased with USDA food stamps or food instruments issued under the Special Supplemental Food Program for Women, Infants and Children (WIC). (ARS 42-1382 D.)

For more specific information, contact the Arizona Department of Revenue, Taxpayer Information Assistance, (602) 542-2076.

RECORDKEEPING REQUIREMENTS

Summary of Requirements

Throughout the year a variety of reports and records must be completed. See Exhibit C and D.

Record Retention

Sponsors must keep complete and accurate records of the food service program to serve as a basis for claims for reimbursement and for audit and review purposes.

All records, including free and reduced-price applications, must be retained for three years after the fiscal year for which they pertain. However, if audit findings have not been resolved, the records must be retained beyond the three-year period as long as required for resolution of the issues raised by the audit.

Sponsors on Special Assistance are required to retain base year records for three years, or until a new base year is established.

Tickets must be retained for one year after the fiscal year for which they apply.

SCHOOL FOOD SAFETY INSPECTIONS

Local Education Agencies are required to obtain a minimum of two food safety inspections each school year. A State or local governmental agency is required to conduct the inspections. LEAs must keep the inspections on file for three years. ADE will collect and report the number of food safety inspections conducted yearly in each LEA facility. Additionally, LEAs are required to post, in a publicly visible location, a report of the most recent food safety inspection, and provide a copy to the public upon request. This can be accomplished by posting the health inspection on the LEA website or public display board.

HAZZARD ANALYSIS CRITICAL CONTROL POINT (HACCP) PLAN

The Reauthorization Act of 2004 requires all LEAs to implement a food safety program that complies with a HACCP system. This system should be in place by all school sites participating in any child nutrition program by Spring of 2005. Further guidance for implementation by USDA is forthcoming. ADE has scheduled a series of training opportunities to learn more about the requirement.

SCHOOL WELLNESS POLICY

As of July 2006, it will be required of all LEA's to have a school wellness policy in place. The wellness policy shall contain the following areas at a minimum:

1. Goals for *nutrition education, physical activity and other school-based activities* that are designed to promote student wellness in a manner that the local educational agency determines is appropriate.

2. *Nutrition guidelines* selected by the local educational agency for all foods available on each school campus under the local educational agency during the school day with the objectives of promoting student health and reducing childhood obesity;
3. *Guidelines for reimbursable school meals*, which are no less restrictive than regulations and guidance issued by the USDA Child Nutrition Act;
4. A *plan for measuring implementation* of the local wellness policy, including designation of 1 or more persons within the local educational agency or at each school, as appropriate, charged with operational responsibility for ensuring that each school fulfills the district's local wellness policy;
5. *Community involvement*, including parents, students, and representatives of the school food authority, the school board, school administrators, and the public in the development of the school wellness policy.

ADE will be offering training regarding the requirements for the local wellness policy. See the Comprehensive Workshop Brochure for times and locations. For more information on the wellness policy, go to: www.fns.usda.gov/tn/Healthy/wellness_policyrequirements.html

CRE Checklist

The Coordinated Review Effort (CRE) Checklist can be used by a district to evaluate its program. To be in compliance, district staff should respond "yes" to the questions listed below.

	Yes	No
Determining Eligibility:		
a. Direct Certification		
1. Does the district conduct a district-wide Direct Certification Match utilizing the on-line Direct Certification System within the first 30 operating days of the current school year?	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the district print out the Direct Certification Match results and keep them on file?	<input type="checkbox"/>	<input type="checkbox"/>
3. Does the district send notification of free meal benefits to students who were included in the direct certification match results within 10 working days of certification?	<input type="checkbox"/>	<input type="checkbox"/>
4. Are children who are not included on the Direct Certification match results placed in the PAID category until an income application is submitted? (Prior year eligibility can be used for the first 30 operating days)	<input type="checkbox"/>	<input type="checkbox"/>
Detailed information on direct certification may be obtained in the <i>Free & Reduced-Price Policy Manual (Revised 2005)</i> or <i>Direct Certification Manual</i> .		
b. Free/Reduced Priced Applications		
1. Do students receive benefits based on last year's eligibility no longer than the first 30 operating days after the beginning of the school year?	<input type="checkbox"/>	<input type="checkbox"/>
2. Are new students claimed as paid until an approved application is on file?	<input type="checkbox"/>	<input type="checkbox"/>
3. Are the district's free and reduced-price meal applications readily retrievable by school?	<input type="checkbox"/>	<input type="checkbox"/>
4. Are income applications and FS, CA, FDPIR case number applications separated by category: Free, Reduced-Price, Denied, Temporary Approval, and Withdrawn?	<input type="checkbox"/>	<input type="checkbox"/>
5. Were the current year's application, notice/letter to households and eligibility guidelines used by each school in the district?	<input type="checkbox"/>	<input type="checkbox"/>
6. Are the parents or guardians of students who were not included in the Direct Certification Match results given a free and reduced-price meal application and parent letter (preventing overt identification) at the beginning of the school year?	<input type="checkbox"/>	<input type="checkbox"/>
7. Does a review of the application indicate that:		
A. all income applications include:		
1. name(s) of student(s) for whom application is made?	<input type="checkbox"/>	<input type="checkbox"/>
2. names of all household members?	<input type="checkbox"/>	<input type="checkbox"/>
3. income of each adult household member by source?	<input type="checkbox"/>	<input type="checkbox"/>
4. social security number of the adult who signed the application or an indication that he/she does not have one (using the word "none")?	<input type="checkbox"/>	<input type="checkbox"/>
B. all FS, CA, FDPIR case number applications include:		
1. name of student?	<input type="checkbox"/>	<input type="checkbox"/>
2. valid FS, CA, FDPIR case number? (8 digits or less)	<input type="checkbox"/>	<input type="checkbox"/>
3. signature of an adult household member?	<input type="checkbox"/>	<input type="checkbox"/>
C. all foster and institutionalized children are on individual applications? (one application per foster/institutionalized child)	<input type="checkbox"/>	<input type="checkbox"/>
D. all applications include:		
eligibility determination – free, reduced, or denied?	<input type="checkbox"/>	<input type="checkbox"/>
criteria used for determination (household size, income, case number)?	<input type="checkbox"/>	<input type="checkbox"/>
reason of denial indicated, if applicable?	<input type="checkbox"/>	<input type="checkbox"/>
signature of determining official?	<input type="checkbox"/>	<input type="checkbox"/>
date signed by official?	<input type="checkbox"/>	<input type="checkbox"/>

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| 8. Are applications processed within ten operating days of receipt? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Was the correct eligibility determination made for each application processed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Does the district have a system for handling temporarily free approved applications (application indicating "zero income" or unemployment) which includes: | | |
| A. updating temporary application every 45 calendar days? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. a process for notifying the household that their benefits will expire unless the information on the application is updated? | <input type="checkbox"/> | <input type="checkbox"/> |
| C. termination of benefits if the household fails to respond? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Are the reviewing official and authorized signer(s) the same as is indicated in the Food Service Agreement? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Is the hearing official a person who is not involved in the determination and/or verification process? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on determining eligibility may be obtained in the *Free & Reduced-Price Policy Manual (Revised 2005)*.

Verification:

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| 1. Was a count of meal applications on file as of October 1st taken? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Were an adequate number of meal applications selected for verification? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Was all required documentation obtained during the verification process? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Was the verification process completed by November 15th ? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Is the verification process documented in some manner for each application selected? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Did you record all students terminated due to verification and then reinstated as of February 15 th ? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is the district Verification Report completed and on file? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Was the verification report submitted to ADE by March 1 st via Common Logon? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Are households whose benefits must be reduced or terminated given the required 10-day notification prior to the change? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Are households whose benefits were increased placed into effect within 3 operating days? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on verification may be obtained in the *Free & Reduced-Price Policy Manual (Revised 2005)*.

Counting and Claiming:

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| 1. Is the meal count system in use at each serving site the same as the approved procedure indicated on the Sponsor application submitted to the state via CNP web? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is the medium of exchange for free, reduced-price and full-price meals: | | |
| A. coded in a manner which does not cause overt identification of students receiving free and reduced-price meals? (Prohibited codes include color coding and use of obvious identifiers such as F, R, and P or 1, 2, 3.) | <input type="checkbox"/> | <input type="checkbox"/> |
| B. available through prepayment or charging thus making free and reduced-price meal recipients appear as students who have prepaid or charged? (Be sure to check the lunch and breakfast collection procedures and have a charge policy in place.) | <input type="checkbox"/> | <input type="checkbox"/> |
| C. distributed using a common location at a common time for all students to obtain their tickets or tokens? | <input type="checkbox"/> | <input type="checkbox"/> |
| D. collected in a manner which ensures that the same procedures are used for all categories of meals? | <input type="checkbox"/> | <input type="checkbox"/> |

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| 3. Is the count category taken at the point-of-service? (That point in the food service operation when a determination can accurately be made that a reimbursable free, reduced-price or full-price meal has been served to an eligible student.) The end of the serving line is considered the "point of service". | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is there a system in place to ensure that second meals are not claimed for reimbursement? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. After viewing the meal count procedure in operation, does it appear that it yields an accurate count by category? (It is important to observe the cashier(s) at the end of the serving period to ensure that the count as taken on the line is the same as that reported on the daily record. Perform the same procedures that the cashier performs [count the number of meals by category from the tickets, roster, etc.] and compare your numbers to the cashiers' reported numbers. Compare the counts by category taken on the day of the review to counts recorded for prior days that month to determine if they are reasonable). | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. If there is more than one serving line, are the counts from all lines properly consolidated? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is the list of eligibles used at the point of service current? (Benefit Issuance Document) | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Do the names on the list of eligibles match approved applications on file and on the direct certification match list? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. If more than one list is used, are all lists the same? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Are the dates of changes due to withdrawals, transfers, etc. reflected on the list or on the application? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Is the count of eligibles updated, at least monthly, in a timely manner? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Are changes in eligibility due to verification, etc. made: | | |
| A. immediately for increases in benefits? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. immediately after the 10-day adverse notice period for decreases in benefits? | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Does each site conduct daily edit checks by category on daily meal counts? (eligibles x attendance factor = attendance adjusted eligibles; compare to daily meal counts by category) | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. When the daily meal counts by category exceed the daily edit check is the validity of the count examined and documented prior to the submission of the claim? | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Are all serving areas where meals are claimed for reimbursement available to all students (free, reduced-price and full paying students)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Are menus priced as a unit? | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Is the reduced-price breakfast \$.30 or less and the reduced-price lunch \$.40 or less? | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Are adult meals priced appropriately, considering cost per meal? | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. Is there a trained substitute cashier? | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. When reviewing the daily record of meals served, if there are counts that reflect patterns of numbers; repetition of numbers; constant counts by category; served count equal to delivered count; identical counts for breakfast and lunch; 100 percent participation; or category count exceeding the number of eligibles; are these counts: | | |
| A. researched for errors? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. corrections made as required? | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. Are prepaid and charged meals counted on the day they are served, not the day the money is collected? | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. Is there a recommended procedure for handling lost, stolen and misused meal tickets in place? | <input type="checkbox"/> | <input type="checkbox"/> |

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| 23. Are students issued one original and a minimum of three replacement meal tickets or are special meal arrangements allowed before a student is charged for the fourth replacement ticket? | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. Are all meals claimed intended to be eaten on campus or school-sponsored field trips? | <input type="checkbox"/> | <input type="checkbox"/> |
| 25. When preparing the monthly reimbursement claim, are the numbers of meals claimed by category for each site entered correctly? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on counting and claiming may be obtained in the *Child Nutrition Programs Guidance Manual*.

On-Site Reviews:

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| 1. Is an on-site review of the meal counting and claiming procedure completed and documented prior to February 1? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is corrective action of the counting and claiming procedure developed as needed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is a follow-up review conducted within 45 days to ensure that corrective action was taken? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on On-site Reviews may be obtained in the *Child Nutrition Programs Guidance Manual*.

Meeting Meal Pattern Requirements:

Traditional and Enhanced Food Based

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| 1. If using the Traditional or the Enhanced Food Based Menu Planning System: | | |
| A. Is each of the required five food items offered on every lunch menu? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Is each of the required four food items offered on every breakfast menu? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is documentation with regard to the contribution of all purchased food items on file?
(Documentation may be a CN label, a product specification sheet, or a nutrition facts label) | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are the purchased-prepared items documented in question #2 the same as those received, prepared and served in all of the district kitchens? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are food production records maintained on all meals claimed for reimbursement including lunch, breakfast, food bars and various other serving lines? (Requirements include menu, portion size, number of portions planned, quantity prepared in purchase units, number served, and amount leftover, grade group served and number of meals planned for each grade group identified). | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Are substitutions made in the menu reflected on the production records? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. If breaded fruit and/or vegetable products are used, is documentation with regard to their contribution to the meal pattern on file and do production records reflect adequate serving sizes? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is full-strength fruit juice contributing no more than one-half of the required serving size of fruit/vegetable component for lunch? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Are the two fruit and/or vegetable components offered on the lunch menu from two different sources? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Are utensils that yield standard-sized servings used for portioning all fruits and vegetables? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Based on the menu system being used, are the required number of bread servings offered each week? | | |
| A. Traditional Menu Planning | | |
| Grades K-12: 8 servings/week | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Enhanced Food Based Menu Planning* | | |
| Grades K-6: 12 servings/week | <input type="checkbox"/> | <input type="checkbox"/> |

Grades 7-12: 15 servings/ week	<input type="checkbox"/>	<input type="checkbox"/>
Optional K-3: 10 servings/week	<input type="checkbox"/>	<input type="checkbox"/>

*Enhanced - one grain/bread per day for grades K-12 may be a grain-based dessert.

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| 11. If purchased-prepared bread items are offered: | | |
| A. Does each serving contain 14.75 grams of whole grain, enriched flour, meal, bran or germ products? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Is documentation in the form of a CN label or product specification sheet available to substantiate the product's credibility? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Is a variety of milk available on every reimbursable line throughout the entire lunch period? (Variety of milk should be of varying fat contents, i.e. skim, 1%, 2%, whole) | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. If there are choices of milk (different varieties), is each student permitted to make his selection? (Milk should not be placed on a student's tray without permitting him/her to choose.) | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Are all required components offered in sufficient amounts before the cashier counts the meal as reimbursable? | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. If the school is operating under offer versus serve, may a student refuse any one or two of the food items offered? | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Are all restrictive competitive foods, including, but not limited to, carbonated beverages, pure sugar candies, pure water ices and gums excluded from the food service area during meal periods? | <input type="checkbox"/> | <input type="checkbox"/> |

NuMenus and Assisted NuMenus

- | | | |
|--|--------------------------|--------------------------|
| 17. If using NuMenus or Assisted NuMenus Menu Planning System: | | |
| A. Is an entrée, milk, and side dish offered at lunch? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Is milk and at least two other menu items offered at breakfast? | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Are menus being analyzed using USDA-approved software? | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. Are menus meeting the nutrition standards? | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. Are food production records maintained on all meals claimed for reimbursement including lunches, breakfasts, food bars and various other serving lines? (Requirements include menu, portion size, number of portions planned, quantity prepared in purchase units, number served, and amount leftover, grade groups served and number of meals planned for each grade group identified). | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. Are substitutions made in the menu reflected on the production records? | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. Are utensils that yield standard-sized servings used for portioning all fruits and vegetables? | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. If the school is operating under offer versus serve for lunch: | | |
| A. Has the student selected an entrée and at least one other item? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Has the student declined no more than two items when four or more items are offered? | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. Are all restrictive competitive foods, including, but not limited to, carbonated beverages, pure sugar candies, pure water ices and gums excluded from the food service area during meal periods? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on meeting meal pattern requirements may be obtained in the *Child Nutrition Programs Guidance Manual* and *Menu Workbook & Food Buying Guide*.

Civil Rights:

- | | | |
|---|--------------------------|--------------------------|
| 1. Is the USDA/FNS-approved poster displayed in a prominent place in the school where it is visible to recipients (students)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is the nondiscrimination statement and information as to where a complaint may be filed included on program materials? | <input type="checkbox"/> | <input type="checkbox"/> |

- | | | |
|--|--------------------------|--------------------------|
| 3. If a significant number of persons in the community speak a language other than English, are foreign language translations available? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are procedures established to receive complaints alleging discrimination? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Is there no separation by race, color, gender, religion, disability, age or national origin in the eating periods, seating arrangements, serving lines or eating areas? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Are disabled/special needs students provided program benefits as prescribed by regulations? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on civil rights may be obtained in the *Child Nutrition Programs Guidance Manual*.

Record Keeping:

- | | | |
|--|--------------------------|--------------------------|
| 1. Are all records pertaining to the Child Nutrition Programs maintained for a period of three years, plus the current fiscal year or until resolution of any audits or reviews? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the record keeping system separate program income by adults and students? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are program expenditures kept by food, labor or other? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the district have a documented plan for student and parent involvement? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on record keeping may be obtained in the *Child Nutrition Programs Guidance Manual*.

Financial Management:

- | | | |
|--|--------------------------|--------------------------|
| 1. Was the remaining fund balance carried forward from last year to this year? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Net cash resources: | | |
| A. Are the food service account's net cash resources less than three month's operating expenditures? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. If not, is documentation on file explaining reason for exceeding? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is interest earned on invested school foodservice funds credited to the school food service account? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Do all employees paid from the school foodservice account have direct responsibility to the operation of the food service programs? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on financial management may be obtained in the *Child Nutrition Programs Guidance Manual* and *Uniform System of Financial Records*.

Procurement:

- | | | |
|--|--------------------------|--------------------------|
| 1. Did the district use competitive procedures on purchases of \$10,000 or more? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Did the district keep records on negotiated items costing \$10,000 or more (including justification or negotiation, contractor selection and basis for the cost of price negotiated)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is the district purchasing items as awarded? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is documentation of competitive procedures on purchases less than \$10,000 kept on file? | <input type="checkbox"/> | <input type="checkbox"/> |

Food Safety:

- | | | |
|--|--------------------------|--------------------------|
| 1. Is there a School Food Safety Plan (in accordance with the Process Approach to HACCP) in place? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Have at least 2 Food Safety Inspections been conducted each school year? | <input type="checkbox"/> | <input type="checkbox"/> |

Arizona Nutrition Standards:

- | | | |
|--|--------------------------|--------------------------|
| 1. Do all a la carte food items and entrees sold as a la carte meet the Arizona Nutrition Standards? | <input type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|

- | | | |
|--|--------------------------|--------------------------|
| 2. Do all a la carte beverage items meet the Arizona Nutrition Standards? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. For grades K-8, are the Arizona Nutrition Standards, implemented anytime between the start of the first breakfast until the end of the last instruction period (last bell)? | <input type="checkbox"/> | <input type="checkbox"/> |

Local Wellness Policy:

- | | | |
|--|--------------------------|--------------------------|
| 1. Is a Local Wellness Policy in place? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the Local Wellness Policy contain goals for nutrition education, physical activity, and other school-based activities that are designed to promote student wellness in a manner that the LEA determines is appropriate? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the Local Wellness Policy contain nutrition guidelines selected by the LEA for all foods available on each school campus under the LEA during the school day with the objective of promoting student health and reducing childhood obesity? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the Local Wellness Policy contain assurance that guidelines for reimbursable school meals are not less restrictive than the regulations and guidance issued by the USDA? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the Local Wellness Policy contain a plan for measuring implementation of the Local Wellness Policy, including designation of one or more persons within the LEA or at each school charged with operational responsibility for ensuring that the school is meeting the Local Wellness Policy? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Does the Local Wellness Policy include involvement of parents, representatives of the School Food Authority, the school board and school administrators, and the public, in the development of the Local Wellness Policy? | <input type="checkbox"/> | <input type="checkbox"/> |

Administrative Review Appeal Procedures

The following National School Lunch Program (NSLP) administrative review procedures include notification, request, and procedure for a hearing in accordance with federal regulation 7 CFR § 210.18(q).

A. PURPOSE

Sponsors of the NSLP may request administrative review of findings that result in:

- The denial of all or part of a claim for reimbursement. (210.18(q)).
- Withholding of reimbursement payments arising from initial or follow-up administrative review activity. (210.18(q)).

B. PROCEDURE

Notification, request, and procedure for hearing:

1. Whenever the Arizona Department of Education (ADE) takes action that is subject to review as described in (A) above, ADE will provide the sponsor a written notice that details the action and the basis for the action, and advise the sponsor of its right to an appeal. (210.18(j)).
2. A written request for review must be submitted to ADE no later than 15 calendar days from the date the sponsor receives ADE's written review report. (210.18(q)(1)). The original and one copy of the review request must be sent to:

Deputy Associate Superintendent, Health and Nutrition
Arizona Department of Education
1535 West Jefferson Street, Bin #7
Phoenix, Arizona 85007

The Deputy Associate Superintendent will forward the request to the review official.

3. ADE shall acknowledge receipt of the request for an appeal within ten calendar days after receipt. (210.18(q)(1)).
4. The sponsor may refute the action specified in the Notice, described in Section (B)(1), in person and by written documentation. In order to be considered, written documentation must be filed by the sponsor and ADE with the review official and must be exchanged between ADE and the sponsor no later than 30 calendar days after the sponsor receives the Notice. Written documentation must clearly identify the ADE action being reviewed and must include a photocopy of the notice of action issued by ADE. (210.18(q)(2)).
5. The sponsor may retain legal counsel or may be represented by another person. A representative of ADE and legal counsel, if desired, must be allowed to attend the hearing

to respond to the testimony presented by the sponsor and to answer questions posed by the review official. (210.18(q)(2)).

6. The review official will hold a hearing in addition to, or instead of, a review of written information submitted by the sponsor only if the sponsor requests a hearing in the written request for review. Failure to appear at a scheduled hearing will constitute the sponsor's waiver of the right to a personal appearance before the review official, unless the review official agrees to reschedule the hearing. (210.18(q)(2)).
7. If a hearing is requested, the sponsor and ADE must be provided with at least 10 calendar days advance written notice of the time, date, and place of the hearing. The Notice to the sponsor must be sent by certified mail, return receipt requested. (210.18(q)(3)).
8. Any information on which ADE's action was based will be available to the sponsor for inspection from the date of receipt of the request for review. (210.18(q)(4)).
9. The review official shall be independent and impartial, but may be an employee of ADE, although he/she must not have been involved in the action that is the subject of the appeal or be accountable to any person authorized to make decisions that are subject to review as described in Section (A). The sponsor is permitted to contact the review official directly if so desired. (210.18(q)(5)).
10. The review official must make a determination based solely on information provided by ADE, the sponsor, and based on federal and state laws, regulations, policies, and procedures governing the program. (210.18(q)(6)). The review official will not base the decision on arguments made by legal counsel or the sponsor's representative, nor may legal counsel offer testimony on behalf of the sponsor or ADE.
11. Within 60 calendar days from the date ADE receives a request for review, the review official must inform ADE and the sponsor of the review determination. The final decision shall be sent to the sponsor by certified mail, return receipt requested. The final determination shall take effect upon the sponsor's receipt of the written notice of the final decision. The 60 day deadline may be extended for good cause at the discretion of the review official, but the final decision must be made within 120 calendar days from the date ADE receives a request for review. (210.18(q)).
12. ADE's action will remain in effect during the review process. (210.18(q)(8)).
13. The determination by the state review official is the final administrative determination to be afforded to the sponsor. (210.18(q)(9)).

Appeal procedures are included in 7 CFR § 210.18(q). The Code of Federal Regulations should be consulted for additional rules regarding the administrative review process.

If you have any questions regarding these procedures, please contact Health and Nutrition Services at 602.542.8700.

Child Nutrition Programs Summary of Mandatory Record-keeping Requirements

Submitted to ADE:	Maintained By Sponsor:
<u>DAILY</u> None	<u>DAILY</u> Production Records Income Applications/Direct Certification Match Results 7CFR §245.6(a1)(a2)(b) Benefit Issuance Document (Roster) 7CFR §245.6(f1-9) Meal Counts and Edit Checks
<u>MONTHLY</u> Reimbursement claim 7CFR §210.8(b)(b1)(b2)(c)	<u>MONTHLY</u> Revenue/Expenditure Records
<u>ANNUALLY</u> Program Application Packet 7CFR §210.9(a), 7CFR §210.15(2) Food Service Management Company (FSMC) Contract or Addendum (if applicable) 7CFR §210.16(a;1-8) Verification Report 7CFR §245.5(v), 7CFR §245.6(a) Annual Financial Report 7CFR §210.17(g)	<u>ANNUALLY</u> Civil Rights Compliance Form 7CFR §210.23(b) On-Site Reviews of Counting and Claiming Procedures 7CFR §210.8(2)
<u>AS NEEDED</u> Response to Reviews 7CFR §210.18(4i)(4ii)(7k) FSMC Invitation to Bid or Request for Proposal 7CFR §210.16(b1)(b2)	<u>AS NEEDED</u> Purchasing Bids/Quotations Training Documentation Accountability Procedures Standardized Recipes CN Labels Product Spec. Sheets Nutritional Analysis (If NuMenus or Assisted NuMenus)

**Arizona Department of Education
Child Nutrition Programs**

**Important Dates and Reporting Requirements
For the National School Lunch Program**

IMPORTANT DATE	REQUIREMENT
July 1	New Fiscal Year Begins
30 operating days from the first day of school	Last day that Income Applications from prior school year are valid
30 operating days from the first day of school	Direct Certification Match must be completed
October 1	Begin verification of Income Applications
October 1	Annual Financial Report due into ADE from private schools, BIA schools, and RCCI's
October 15	Annual Financial Report due to ADE from public schools
November 15	Verification process must be completed
December 15	Civil Rights Compliance Form completed and retained in sponsor file
February 1	On-Site reviews completed and retained in sponsor file
March 1	Submit Verification Report to ADE via Common Logon